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Chapter highlights

- **Purpose**: This chapter outlines VITA's Supply Chain Management's (SCM's) vision, mission, core values and guiding principles. It also discusses the services that SCM provides to the Commonwealth.

- **Key points**:
  o SCM's Vision: to be a recognized leader in IT procurement
  o SCM's Mission: to procure information technology and telecommunications goods and services
  o SCM's Core Values:
    - Enterprise perspective
    - Value – cost and quality
    - Service – to customers and citizens
    - Public trust – transparency of action; fairness in dealing
    - Respect and empower people

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3.0 Introduction
VITA's Supply Chain Management Division (SCM) is the division of VITA charged with developing, implementing and leading the Commonwealth's technology procurement policies, processes and procedures. SCM is the central purchasing office for IT goods and services for the Commonwealth. SCM formulates policies and procedures for the procurement of IT goods and services of every description for agencies and institutions of the Commonwealth from the ordering/purchasing process to the management and/or facilitation of large, complex IT procurements.

3.1 SCM's vision, mission and core values
SCM's **Vision** is to be a recognized leader in IT procurement. Our **Mission** is to procure information technology and telecommunications goods and services and our **Core Values** are:

- Enterprise perspective
- Value – cost and quality
- Service – to customers and citizens
- Public trust – transparency of action; fairness in dealing

- Respect and empower people

3.2 SCM's guiding principles
SCM has established a set of guiding principles that create the framework within which all IT procurements are conducted. Those guiding principles are as follows:

- **SCM endeavors to satisfy the customer in terms of cost, quality and timeliness of the delivered products or services.**

✓	SCM procurement professionals will be responsive and adaptive to customer needs, concerns and feedback.
✓	SCM will work diligently to select suppliers with a record of past successful performance in providing products or services or who demonstrate a current superior ability to perform.
✓	SCM will always promote fair and open competition.
✓	SCM will adopt procurement practices which follow the Virginia Public Procurement Act, include best commercial practices, and foster competitiveness and excellence in vendor performance.

- **SCM's functions and services are transparent.**

✓	SCM is committed to promoting IT procurement practices which exhibit unparalleled transparency (advance notices, posted RFPs, awards), predictability and time sensitivity.
✓	SCM procurement professionals will conduct IT procurements so that all involved will have trust and confidence in the procurement process.
✓	IT suppliers will be assured that opportunities to provide IT goods and services to the Commonwealth are offered on a level playing field, while the citizen's interest is preserved.
✓	SCM is committed to achieving transparency through effective posting, advertising, public bid opening procedures, objective evaluation criteria, independent evaluation methods consistent with the solicitation document, awarding contracts to qualified vendors, posting of award, fair and speedy protest and dispute resolution handling processes and disclosure of signed contracts and pricing.

- **SCM strives to maintain a level playing field.**

✓	SCM is committed to providing suppliers, customers and citizens with easy and fast access to IT procurement information.
✓	SCM is committed to reducing overhead and allowing small and medium-sized businesses to compete with large businesses.

- **SCM is committed to minimizing administrative operating costs.**

✓	SCM will promulgate policies and rules only when the benefits exceed the costs of their development, implementation, administration and enforcement.
✓	SCM is committed to streamlining procurement processes to keep pace with new technology and procedures.

- **SCM procurement professionals will conduct all business with integrity, fairness and openness.**

✓	All SCM procurement personnel are responsible for the prudent and ethical use of public resources and for acting in a manner that maintains the public's trust.
✓	All SCM procurement professionals will exercise sound discretion and sound business judgment in their interactions with customers and suppliers.

- **Through this IT procurement manual, SCM is committed to implementing procurement processes which fulfill the Commonwealth's public policy objectives.**

✓	VITA's IT procurement manual is based on the Code of Virginia, the Virginia Public Procurement Act and sound, effective IT procurement best practices used within the IT market.
✓	VITA SCM procurement professionals and agencies with VITA-delegated IT procurement authority are expected to follow the policies, procedures and guidelines in VITA's procurement manual.

3.3 Who does SCM serve?
SCM provides services to multiple audiences because it is a central pivot point in IT acquisitions for the Commonwealth. SCM customers span many business areas and include:

- Commonwealth of Virginia taxpayers by aggressively implementing competition for all IT procurements—every supplier is asked to provide the best value at the best price for Virginians.
- Virginia's IT businesses by providing a welcoming, fair, inclusive IT procurement process for all IT suppliers, including small businesses, to participate in procurement opportunities.
- Commonwealth agencies and institutions by procuring IT goods and services required to fulfill their missions and goals.
- Virginia public bodies, including localities, municipalities and authorities, through the provisioning of statewide contracts which they are able to use for buying IT goods and services. Statewide contracts allow us to leverage the Commonwealth's volume purchasing power for the benefit of cutting costs.

3.4 What services does SCM offer?
SCM is available to provide agencies and institutions with the following IT procurement services:

- Statewide IT agreements for use by all public bodies in the Commonwealth
- IT supplier management methodology, policies and guidelines
- Procurement policies and procedures which provide a fair and open sourcing process based the Virginia Public Procurement Act regulations and established best practice procurement tools and procedures
- IT strategic sourcing
- Enterprise IT contract standards, policies and administration
- Contract management methodology, policies and guidelines for IT contracts
- Category strategies that define the Commonwealth's approach to IT services such as build/buy decisions, multiple or single supplier and degree of geographic concentration.
- Research on suppliers, IT markets, analysis of IT markets and development of supplier strategies including financial evaluation of potential suppliers

- Knowledge of past and future IT projects, IT solicitations and IT contracts across VITA and the Commonwealth
- Leading and facilitating procurement project teams through sourcing initiatives
- Assistance in the development of requirements, statements of work, requests for information, invitations for bids, requests for proposals, evaluation scorecards, negotiation strategies, etc.
- Standardized and approved IT-specific solicitation and contract template documents
- Risk assessment and mitigation of IT suppliers, IT markets and IT-specific projects.
- Assistance in developing contract negotiation strategies
- E-procurement and IT ordering assistance
- Sourcing-related tools, templates and training
- Strategic planning on how to structure the IT procurement to achieve maximum value and efficiency
- Assistance in advancing appropriate strategic partnerships with IT suppliers and shaping the supplier selection process
- Assistance in negotiating with application service providers (ASP) and processes for effectively managing relationships with value-added reseller (VAR) suppliers
- Strategy assistance in determining the appropriate solicitation type and the appropriate contract type (multiple award, performance-based, short term) to improve the chances of success for a particular IT procurement
- Internal support with VITA's purchasing needs and requirements

3.5 What business functions does SCM provide?

The skilled and specialized procurement staff within SCM offers many IT-related business and service-oriented functions that include:

- **Category management** – Developing the strategic plan for sourcing and contracting in alignment with business needs and the IT marketplace to optimize value and reduce risk.
- **Strategic sourcing** – Integrating IT technical, business, financial, and contractual requirements to select suppliers and negotiate agreements that fulfill IT business functions.
- **Contract management** – Structuring and managing the mutual commitment between two or more parties for the duration of the relationship; and, providing tracking, reporting, analysis, and record-keeping for all VITA IT contracts.
- **Procurement** – Managing the processes by which goods and services are identified, ordered, and received; and, monitoring compliance guidelines and policies.
- **Supplier management** – Developing and managing suppliers to achieve consistent value through improved performance and innovation.
- **Policy and integration** – Developing policies, researching emerging best practices, defining new approaches to enhance the value of supply chain services throughout the Commonwealth, leading analysis and integration of new legislation and emerging procurement methods and models.
- **Supply chain services** – Integrating data and information throughout VITA SCM processes to ensure information is available and accurate to support analysis, planning, and reporting.
- **Procurement review** – Determining the effectiveness and compliance with VITA SCM policies, procedures and guidelines.

3.6 SCM's ongoing IT procurement initiatives and improvements

IT sourcing and contract management has shifted from a transaction and unit-price focus to one of business value and source of innovation. This shift involves significant changes to

traditional price-based procurement work. Several key initiatives and improvements involved in supporting this transformation to a value-focused organization include:

- Managing IT spend through a proactive sourcing strategy.
- Managing the delivery of IT services through category management plans and category owners.
- Developing and managing flexible contracts that form the foundation of the relationship; specifically, creating and managing performance-based contracts.
- Procuring "solutions" to business problems rather than procuring products and/or services with extremely detailed specifications and limited technical requirements.
- Changing acquisition planning perspectives from "single-agency" to "enterprise," "service-oriented," "shared" and "Commonwealth strategic objectives" in order to invite and enable greater value and benefit from the IT market's ever-changing innovation offerings.
- Processes which consistently manage contracts through the life of the contract.
- Provide maximum effectiveness and efficiency for the procurement process, with appropriate controls and compliance.
- Manage suppliers appropriate to their strategic importance.
- Increase the diversity and quality of suppliers providing services.
- Utilizing measurement of internal performance including compliance, process cycle times and costs, material cost savings and spend management. Implement a balanced score card for measuring and tracking the Commonwealth's IT suppliers' service, quality, delivery and pricing.
- Driving analysis based on total cost and ensuring compliance through integration of contract management, transaction management, spend data management and supplier performance management.
- A balanced, center-led procurement organization model.
- Strategic tiering of the IT supply base to reduce unnecessary administrative effort so that SCM time is the small percentage of IT suppliers who are strategic, value-add suppliers willing to partner with the Commonwealth through innovative IT solutions.
- Developing IT Sourcing Specialists who serve as commercial consultants, not just contract specialists, and who will perform as change agents with efficient problem-solving and negotiation skills and the ability to translate business needs into effective IT contracts.

3.7 General SCM concepts
Supply chain management is the active management of supply chain activities to maximize customer value. It represents a conscious effort by VITA and the Commonwealth to develop and run an IT supply chain in the most effective and efficient ways possible. The dynamic changing IT market requires intensive focus on maximizing opportunities while minimizing risks.

Effective supply chain management organizations implement processes and procedures that promote obtaining the right goods and services for the customer who needs them at the right time, in the proper quantity and at an acceptable cost. Efficiently managing this process involves overseeing relationships with suppliers and customers, forecasting demand and getting constant feedback on performance at every link in the supply chain.

3.8 SCM's desired future
SCM seeks to achieve its mission of developing and managing supplier relationships to maximize the return on Commonwealth IT investments by integrating its customers' business needs with its strategic suppliers. Over the long-term, the process includes establishing groups of IT products or services and aligning those groups with an owner that

has accountability for usage decisions for the products or services. Each group will have suppliers capable of providing the best value for IT services based on proactively determined customer needs. As customers identify the need for IT services, the process makes possible the best solution at a reasonable risk. The process takes advantage of strategic sourcing strategies such as capturing up-front service requirements, pre-qualifying suppliers, and pre-contracting for services to enhance quality and timeliness.

The overall value is that quality service is delivered in a reasonable time, at reasonable cost and with reasonable risk— empowering the Commonwealth's current and evolving strategic IT objectives.